

Complaint

Mr H has complained about a credit card Zempler Bank Limited (“Zempler”) provided to him. He says that his credit card was approved without a thorough assessment of affordability and therefore it was irresponsibly provided.

Background

In October 2021, Zempler provided Mr H with a credit card which had a limit of £500. Mr H wasn’t provided with any credit limit increases.

One of our investigators reviewed what Mr H and Zempler had told us. And he thought Zempler hadn’t done anything wrong or treated Mr H unfairly when providing him with a credit card. So he didn’t recommend that Mr H’s complaint be upheld. Mr H disagreed and asked for an ombudsman to look at the complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Having carefully considered everything, I’ve decided not to uphold Mr H’s complaint. I’ll explain why in a little more detail.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr H’s complaint.

Zempler needed to make sure it didn’t lend irresponsibly. In practice, what this means is Zempler needed to carry out proportionate checks to be able to understand whether Mr H could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we don’t think that it is necessarily unreasonable for a lender’s checks to be less detailed – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Zempler says it agreed to Mr H’s application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr H would be able to make the relatively low monthly repayment required to clear the balance that could be owed within a reasonable period of time. On the other hand, Mr H says that his debt issues meant that he shouldn’t have been lent to. I’ve considered what the parties have said.

What's important to note is that Mr H was provided with a revolving credit facility rather than a loan. And this means that Zempler was required to understand whether a credit limit of £500 could be repaid within a reasonable period of time, rather than in one go. A credit limit of £500 required relatively low monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

I've seen the information Zempler obtained from Mr H about his income and what was on the credit search. Zempler's credit search showed that Mr H didn't have any significant recent adverse information recorded against him. And the amount of Mr H's existing debt wasn't high in comparison to his declared income. In these circumstances, the information Zempler had did suggest that it was reasonable to lend to Mr H.

I accept that Mr H's actual circumstances at the time may have been worse than what the information obtained showed. Mr H says that he struggled to repay this credit card. I'm sorry to hear about what Mr H has told us. Whilst I do sympathise with what Mr H has said and I'm not seeking to dismiss or trivialise what he's told us, given my conclusions on Zempler's checks, I don't think it had reason to have suspected Mr H might go on to have difficulty.

In reaching my conclusions, I've also considered whether the lending relationship between Zempler and Mr H might have been unfair to Mr H under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've explained, I've not been persuaded that Zempler irresponsibly lent to Mr H or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that s140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having considered everything, I think that Zempler was reasonably entitled to rely on the information it had been provided with and therefore its decision to lend wasn't unreasonable. So I don't think that Zempler treated Mr H unfairly or unreasonably in approving his credit card application and I'm not upholding this complaint. I appreciate this will be very disappointing for Mr H. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 2 March 2026.

Jeshen Narayanan
Ombudsman